

To the Board of Commissioners
County of Carroll, New Hampshire

We have audited the financial statements of the County of Carroll, New Hampshire (the County) as of and for the year ended December 31, 2019 and have issued our report thereon dated December 30, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses noted during our audit, as further described below.

Planned Scope and Timing of the Audit

As further described below, we were unable to conduct our audit consistent with the planned timing we previously communicated to you, due to numerous delays by the County in providing the information needed to complete the audit.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our Firm have complied with all relevant ethical requirements regarding independence. Safeguards that have been applied to eliminate threats to independence, or reduce them to an acceptable level, include annual certification of independence by all Firm staff, or when circumstances change during the year.

Qualitative Aspects of the Entity's Significant Accounting Practices***Significant Accounting Policies***

Management has the responsibility to select and use appropriate accounting policies. A summary of significant accounting policies adopted by the County is included in the notes to financial statements. There has been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Collectability of receivables.
- Estimated lives and depreciation methods for depreciable assets.
- Net pension liability and related deferred outflows and inflows of resources.
- Net OPEB liability and related deferred outflows and inflows of resources.

Management's estimates of the above are based on various criteria. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive disclosures affecting the County's financial statements.

Identified or Suspected Fraud

We have not identified or obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

As an added service to the County, we assisted in preparing the government-wide financial statements, including consolidating various funds into governmental activities, converting to the accrual basis of accounting, and recording all long-term assets, long-term liabilities, and net position classifications. This consolidation and conversion process was based on information from the County's accounting records.

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached reports summarize uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and

corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in their letter dated December 30, 2020.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

Findings or Issues

In planning and performing our audit of the basic financial statements of the County of Carroll, New Hampshire as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We consider the following deficiency in internal control to be a material weakness:

Improve Controls Over Financial Reporting

The County is responsible for the preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Due to the delays in the County's year-end closing and financial reporting process, which included untimely cash reconciliations, the County is at risk for inaccurate financial reporting and the risk of errors or irregularities that could go undetected in a timely manner. Monthly monitoring of the balance sheet and income statement, including timely cash reconciliations, will reduce the risk that errors or irregularities will occur and go undetected and will produce accurate financial information that is in accordance with Generally Accepted Accounting Principles. Further, the County should consider implementing an Audit Committee to oversee the audit process, ensure that annual audits are a priority of the County, and contribute to more timely and accurate financial reporting.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the County's audited financial statements does not extend beyond the

financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information (if applicable) and considered whether such information, or the manner of its presentation, was materially inconsistent with the presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing body and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

Manchester, New Hampshire
December 30, 2020

Client: **CARROLLCTY - Carroll County, New Hampshire**
 Engagement: **2019 FS - Carroll County - 2019 audit**
 Period Ending: **12/31/2019**
 Trial Balance: **GF & NH Consolidated trial balance**
 Workpaper: **GF-030 - Passed Adjusting Journal Entries Report - CY**

Account	Description	W/P Ref	Debit	Credit
Passed Adjusting Journal Entries				
Passed Adjusting Journal Entries JE # 1				
To post current year effect of prior year passed adjusting journal entries.				
100.3000.009	FUND BALANCE		12,095.84	
300.3000.009	FUND BALANCE		141,000.00	
300.5000.010	MEDICAID ROOM & BOARD		52,988.28	
100.4000.024	COUNTY MISCELLANEOUS INCOME			6,370.39
100.4010.034	OTHER INCOME			5,725.45
300.1100.124	A/R NURSING HOME ALLOWANCE			141,000.00
300.3000.009	FUND BALANCE			52,988.28
Total			206,084.12	206,084.12
Passed Adjusting Journal Entries JE # 2				
To adjust allowance for doubtful accounts.				
300.1100.124	A/R NURSING HOME ALLOWANCE		96,000.00	
300.5000.093	A/R BAD DEBTS			96,000.00
Total			96,000.00	96,000.00
Passed Adjusting Journal Entries JE # 3				
To reconcile nursing home receivables to aging report.				
300.5000.012	PRIVATE ROOM & BOARD		49,683.34	
300.1100.120	A/R NURSING HOME PATIENTS			49,683.34
Total			49,683.34	49,683.34
Passed Adjusting Journal Entries JE # 4				
To reconcile cash.				
100.4000.024	COUNTY MISCELLANEOUS INCOME		15,788.00	
100.1000.121	BNH#851026963			15,788.00
Total			15,788.00	15,788.00
Total Passed Adjusting Journal Entries			367,555.46	367,555.46
Total All Journal Entries			367,555.46	367,555.46

Client: **CARROLLCTY - Carroll County, New Hampshire**
 Engagement: **2019 FS - Carroll County - 2019 audit**
 Period Ending: **12/31/2019**
 Trial Balance: **GRF Trial Balance**
 Workpaper: **GRF-004 - GRF Passed Adjusting Journal Entries Report (CY)**

Account	Description	W/P Ref	Debit	Credit
Passed Adjusting Journal Entries				
Passed Adjusting Journal Entries JE # 1				
To record current year expense and accounts payable for portion of invoice related to FY19 services for contractual billing.				
200.6101.023	CONSULTING/CONTRACTED SVCS	L-001	1,451.64	
200.2100.110	GRANT ACCOUNTS PAYABLE			1,451.64
Total			1,451.64	1,451.64
	Total Passed Adjusting Journal Entries		1,451.64	1,451.64
	Total All Journal Entries		1,451.64	1,451.64